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The Director of Central Intelligence

Washington, D.C. 20505

27 March 1984

MEMORANDUM FOR: The Honorable Robert C. McFarlane
Assistant to the President for
National Security Affairs

SUBJECT: Supplemental Assistance to Nicaragua Program

1. In view of possible difficulties in obtaining supplemental appropriations to carry out the Nicaraguan covert action project through the remainder of this year, I am in full agreement that you should explore funding alternatives with the Israelis and perhaps others. I believe your thought of putting one of your staff in touch with the appropriate Israeli official should promptly be pursued. You will recall that the Nicaraguan project runs out of funds in mid-May. Although additional moneys are indeed required to continue the project in the current fiscal year, equipment and materiel made available from other sources might in part substitute for some funding. We are therefore currently exploring two such alternatives. Please note, however, that we are unlikely to receive materiel assistance from these sources by mid-May.

2. The first of these alternatives is acquiring from the Israelis additional ordnance captured by them from the PLO. A joint CIA/DoD survey team will make a second trip to Israel on 4 April to inspect captured PLO ordnance. The first trip in 1983 resulted in the acquisition of some $10 million worth of small arms, recoilless rifles, mortars, machine guns and ammunition. The purpose of the upcoming survey is to determine current Israeli inventories and to negotiate thereafter to receive appropriate weapons free or at a low cost. Of course the cost of packing and delivery will have to be factored in.

3. The second alternative we are exploring is the procurement of assistance from [redacted] has indicated that he may be able to make some equipment and training available to the FDN through the Hondurans. (b)(1) (b)(3)

4. Finally, after examining legalities, you might consider urging an appropriate private US citizen to establish a foundation that could be the recipient of nongovernmental funds which could be disbursed to ARDE and the FDN.

William J. Casey

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